

Statement of Hon. John F. Lehman
House Armed Services Committee
Seapower Subcommittee
April 13, 2016

Good morning, Mr. Chairman, Ranking member and members of the Committee. It is a pleasure to be here this morning to discuss some of the challenges facing the Navy and Defense management.

Many others have described the new challenges by Russia, China, militant Islam and maritime criminals. I will not reiterate the list, but it is daunting and a new set since the end of the Cold War. Recent annexation of the South China Sea by China should give a clear understanding of expansionist intent. We have to face the threat of two countries with ballistic missile submarines, growing submarine fleets eventually capable of maritime threats to worldwide commerce and Navies as well as low level threats posed by drug lords and pirates.

But the military problem is only part of a larger picture. Budget ceilings preclude maintaining modern forces compounded by the failure of Defense management to produce affordable equipment and further complicated by the loss of production competition and inability of the acquisition system to control performance related costs. Currently, major systems have a cost growth of over \$450 billion or 25% of the total program. Little effort has been focused on reducing this, which is 6 years of the major acquisition budget. Carrier, submarine and destroyer costs have increased by about 50% in constant dollars since the 1980s. There are many reasons, but the net result has been force reductions.

Another budget issue is the decisions to increase military pay and benefits, but these have come from the acquisition portion of the budget. They should have been additional as a true cost of the all volunteer military.

In addition, acquisition schedules are slipping annually. Last year, the average schedule slipped over two months. There are many reasons, but one constant has been the growth of bureaucracy and required coordination. It begins with the Joint Requirements Approval process and gets worse as the overlapping authorities intervene. Steps were taken in the last NDAA to improve this, but more are needed including elimination of the JROC review process and elimination of non-essential bureaucratic layers and processes.

Regarding Navy programs, the last NDAA required force level studies to assist in designing the fleet of the future. Current force levels were formed based on the end of the Cold War. These are not relevant regarding evolving maritime threats. These studies must be taken seriously and used for preparation of future budget plans. Several prior studies have indicated a ship force level of about 350 ships. Given the

cost of current ships including the Ohio Replacement Program, this could cost \$20-25 billion annually. This not affordable within current budget plans.

The fraction of GDP spent on defense has declined to just above 3% from about 3.5%. This makes it impossible to build enough of current ship designs and meet even current force level goals.

Thus, to achieve increased forces, it is necessary to consider alternatives such as:
Smaller conventional carriers to increase the force to 15
Nonnuclear FORD class carriers,
Specialized missile defense ships partially crewed with civilians,
Air independent submarines for hunter killer and special operations roles,
Broad based antisubmarine systems controlling choke points,
Longer range carrier aircraft supported by unmanned tankers,
Build and charter programs for underway replenishment ships,
Widespread application of remotely controlled vehicles for surveillance and attack
A real antisubmarine frigate carrying the best sensors and weapons available.

Fleet readiness has been allowed to decay through overuse and lack of maintenance. It appears to be near the low established in the 1970s. This must be reversed, but will be slow and expensive. This year's budget proposal is a step in the right direction, but not enough.

Navy has many talented acquisition and maintenance personnel. They have produced many successful programs, for example nuclear power, Aegis installed in cruisers, destroyers and on land, and patrol aircraft as examples. There have also been many problem programs I need not list. The lessons of both must be incorporated and not wait to be relearned.

Important steps to do this were in the last NDAA. Now they must be implemented.

In summary,

Costs of weapons have risen faster than funds available. Force reductions are the inevitable result. This is disarmament by acquisition.

The world has not gotten smaller, but challenges are increasing politically and technically. Current forces are being worn out trying to keep up.

Congress is unwilling to raise defense budgets enough to preclude force reductions.

So the situation is best described by a sentence often attributed to Winston Churchill.

“Gentlemen, we are out of money and now it is time to think.”